

DIRECTORATE OF INTELLIGENCE

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50

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#### CONTENTS

South Vietnam: Situation report. (Page 1)

Communist China - Burma: Peking's endorsement of Burmese Communist insurgency underscores poor relations between the two countries. (Page 2)

Greece: There are growing signs of frustration
within the military government (Page 3)

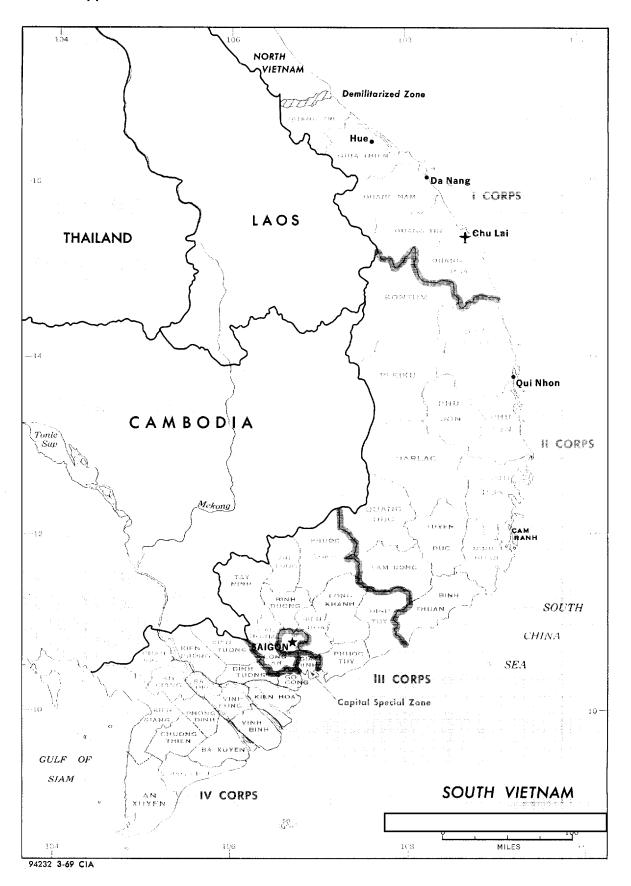
<u>Poland</u>: The Poles may be planning fresh moves on European security and aiming for improved relations with the US. (Page 4)

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East Germany - Berlin: A softer line (Page 5)

India: New army chief of staff (Page 5)

### Approved For Release 2003/03/25 Pc/A-RDP79T00975A013300100001-2



South Vietnam: The upsurge in Communist military activity which began on 21 March is likely to persist during the weekend.

The new attacks have followed the pattern of the past month's offensive. They generally consisted of widespread shellings against allied installations, with only a few significant ground attacks.

With a few exceptions, casualties and damage in the latest actions have been light. Substantial damage to allied aircraft was inflicted when enemy rockets hit the Chu Lai air base, and Communist sappers set fires at Qui Nhon which destroyed over a million gallons of fuel. The three major population centers of Saigon, Hue, and Da Nang were not shelled during the latest attacks, but US facilities near Da Nang received several ineffectual rounds of rocket and mortar fire.

Additional Communist-initiated activity	along
these same lines is likely this weekend,	
It may well include sapper strikes in	Saigon
and a rise in enemy ground action in several	<u>of the</u>
nearby provinces.	

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Communist China - Burma: Peking's latest endorsement of Burmese Communist insurgency underscores the dismal state of Sino-Burmese relations.

A Burmese Communist statement, issued by Peking on 20 March and obviously Chinese-inspired, has denounced the Burmese Government in the most violent terms since the summer of 1967, when Sino-Burmese relations sharply deteriorated.

The statement also suggests that China is interjecting itself more forcefully into the continuing leadership struggle within the Burmese party. The denunciation of a number of long-standing Burmese Communist leaders indicates that China is taking sides in the dispute in an attempt to support leaders under Peking's thumb.

A Chinese press release, issued in conjunction with the Burmese statement, underscored the identification between Peking and the Burmese party by reporting a "recent" meeting between two Burmese Communist leaders and Premier Chou En-lai.

Although Peking has been giving limited material support to the Burmese Communists for over 18 months; the party's capabilities for effective insurgency remain low. Burmese military operations last year against the Communists, plus the factional dispute within the Communist leadership, appear to have broken the movement in central Burma—the party's primary area of operation. The Communists have more potential for fomenting trouble in northeastern Burma along the Chinese border where an amalgam of ethnic and Communist insurgents has more successfully challenged the government.

The Chinese, however, are obviously aware of the present weaknesses of the Burmese Communists and are probably unwilling to increase significantly the material support they give them. The Burmese party's statement of 20 March mentioned the "certain difficulties" ahead for the Burmese party and noted the need for "self-reliance."

Greece: There are signs of growing frustration within the military government, but no serious challenge to its rule is evident.

The uneasiness within the regime has been aroused by the government's inability to carry out its much touted social programs and administrative reforms. Premier Papadopoulos continues to have difficulty in enlisting competent administrative people.

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The junta, nevertheless, remains firmly entrenched, and Papadopoulos is not likely to relinquish control by taking any major steps toward a democratic government in the next year or so. Popular sentiment in favor of the government is no better than lukewarm. The old political forces, however, are still in disarray; the death of expremier George Papandreou last fall left a leadership gap which no leader now in Greece has been able to fill.

Presently, the only recognizable potential threat to Papadopoulos would appear to be in the army, where some frustrations have been expressed, but key military elements seem strongly in favor of his continued rule.

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Poland: Consultations in Warsaw by Poland's ambassador to Washington, Michalowski, suggest that the Polish regime may be planning fresh moves on European security as well as toward improved Polish-US relations.

In addition to his regular consultations, Michalowski has been received by the Chief of State, Spychalski, and has held talks with party boss Gomulka. Meetings between the party leader and Polish career ambassadors are not unprecedented but are rare. Michalowski also reportedly plans to meet with Premier Cyrankiewicz.

Michalowski had indicated to US officials before he left for Warsaw that Poland was working on
updating its European security proposals. This is
the principal topic he is likely to have discussed
with the leadership in Warsaw, and one he may wish
to raise on his return to Washington late this month.
In a conversation with US Embassy officers in Warsaw this week, Michalowski appeared relaxed and optimistic about the future of Polish-US relations.

Michalowski's activities further underscore Warsaw's recent efforts to brush up its image, which suffered first from the anti-Semitic aspects of last year's intraparty struggle and later from Poland's role in the invasion of Czechoslovakia.

Michalowski's top-level reception at home suggests also that he is at present in no political danger. There had been reports that as a moderate with a background of close cooperation with US officials, he might be one of several diplomats with Jewish antecedents who were slated for eventual removal.

#### NOTES

East Germany - Berlin: The East Germans appear to be easing their approach to Berlin problems. They have ceased obstructing Berlin traffic and apparently have also made less onerous their procedures for processing such traffic. The East German interzonal trade negotiator has told his West German counterpart that it is more important to look toward the future than at past problems. According to some West German officials, Pankow has indicated a readiness to begin talks with the West Germans. The East Germans may be adopting a soft line in an effort to influence Bonn to enter into such discussions.

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India: India's new army chief of staff, Lt. General Manekshaw, is a tough-minded, combat-experienced officer who is noted for his apprehensions about the Chinese Communist military threat. Although Manekshaw, as the senior lieutenant general, was in line for the chief of staff post, his appointment was held up for two months because some cabinet members were concerned about his flamboyant individualism and his staunchly anti-Communist reputation. Many remember his open fight in 1960-62 with Defense Minister Krishna Menon over the adequacy of defense preparations along the China border. Manekshaw's efficient handling of tribal rebellions in eastern India may have tipped the scales in his favor.

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22 Mar 69

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Central Intelligence Bulletin

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